

Service Date: February 3, 1993

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application)	UTILITY DIVISION
of GREAT FALLS GAS COMPANY, for)	DOCKET NO. 92.10.57
Authority to Increase Rates and)	INTERIM ORDER NO. 5665a
Charges for Natural Gas Service.)	

1. On October 6, 1992, Great Falls Gas Company (GFG or Company) filed with the Montana Public Service Commission (Commission) a general rate case application seeking authority to increase rates for natural gas service by \$960,000. Included in the application was a request for an interim increase in natural gas rates of \$768,219. On November 16, 1992, GFG filed an updated request for interim relief in the amount of \$860,000.

2. The Montana Consumer Counsel (MCC) intervened in this Docket on November 4, 1992.

3. On January 27, 1992, GFG advised the Commission that the Company and MCC had reached a tentative agreement on all revenue requirement issues in this Docket. In the tentative agreement GFG and MCC agreed that an increase in revenues of \$540,000 was appropriate. Included in the tentative agreement was an overall cost of capital of 10.57 percent which was calculated as follows:

	<u>Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>
Debt	55%	9.82%	5.40%
Equity	45%	11.50%	5.17%
Overall Cost of Capital			10.57%

4. GFG is required to file gas tracker applications by March 31st for the spring tracker and September 30 for the fall tracker, pursuant to Order No. 5539c, Docket No. 90.3.20. As of February 1, 1993, approximately \$200,000 remains in the deferred gas cost account. GFG estimates that its rates will need to be further reduced by an additional \$340,000 over the 12 month time period beginning February 1, 1993, and ending January 31, 1994. A tracking period beginning February 1, 1993, and ending January 31, 1994, would provide a complete offset to the stipulated increase in Finding of Fact No. 3 above.

5. GFG and MCC in the tentative agreement recommend that this period be used in lieu of the period specified by the Commission in Order No. 5539c. In terms of its overall effect the tentative agreement will not result in a change in total revenues for GFG.

Commission Decision

6. The Commission finds that the tentative agreement between GFG and MCC is a reasonable basis for the determination of interim relief in Docket No. 92.10.57. In making this finding, the Commission observes that MCC is the only intervenor in this Docket. Adoption of the recommended increase to base rates of \$540,000 and the decrease due to the concurrent reflection of a gas tracker of \$540,000 is interim in nature. Adoption of the revenue requirement in this Interim Order is limited to the provision of interim relief and subject to change in the final order.

7. The \$540,000 increase in base rates shall be applied to all customer classes. However, the \$540,000 decrease associated with the gas tracker shall be applied to all customer classes with the exception of Malmstrom Air Force Base and Montana Refining Company. Malmstrom and Montana Refining Company have already received previously approved rate reductions due to the change to open access on the Montana Power system. As a result, those customers are not entitled to further gas cost decreases during the remainder of the transition to full open access on the Montana Power Company system.

CONCLUSIONS OF LAW

1. Great Falls Gas Company is a public utility furnishing natural gas service to consumers in the State of Montana. As such, it is subject to the supervision, regulation and control of this Commission. Section 69-3-102, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Company's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. Section 69-3-304, MCA, provides in part: "The Commission may, in its discretion, temporarily approve increases or decreases pending a hearing or final decision."

4. The rates approved herein are a reasonable means of providing interim relief to GFG. The rebate provisions of Section 69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket. If the Commission in its final order in this Docket determines a lower revenue requirement than contained in this Interim Order, the difference shall be rebated to customers with interest at the rate of 11.5 percent.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Great Falls Gas Company is hereby authorized to increase base rates by \$540,000 on an interim basis. This interim increase shall be applied to all customer classes.

2. Great Falls Gas Company is hereby authorized to decrease rates by \$540,000 to reflect the gas tracking period from February 1, 1993, to January 31, 1994 on an interim basis. This interim gas tracking decrease shall be applied to all customer classes with the exception of Malmstrom Air Force Base and Montana Refining Company.

3. The increase and decrease to rates shall be applied to the appropriate customer classes on a uniform percent basis.


4. Nothing in this Interim Order precludes the Commission from adopting in its Final Order, after reviewing the entire record in this Docket, a revenue requirement different from that contained in this Interim Order.

5. Interim approval of any matters in this Docket should not be viewed as final endorsement by the Commission of any issues, calculations, or methodologies approved in this Interim Order.

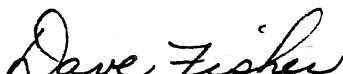
6. The interim implementation of these rate changes is to be effective upon the approval of tariffs which reflect the Findings of Fact and Conclusions of Law contained in this Order.

DONE IN OPEN SESSION at Helena, Montana, this 1st day of February, 1993, by a 5 - 0 vote.

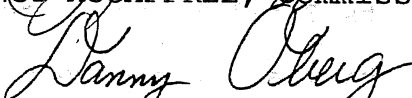
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION


BOB ANDERSON, Chairman



BOB ROWE, Vice Chairman


DAVE FISHER, Commissioner


NANCY McCAFFREE, Commissioner


DANNY OBERG, Commissioner

ATTEST:


Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.